

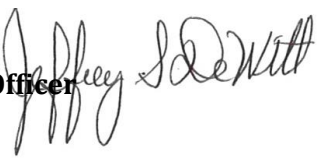
Government of the District of Columbia  
Office of the Chief Financial Officer



Jeffrey S. DeWitt  
Chief Financial Officer

**MEMORANDUM**

**TO:** The Honorable Phil Mendelson  
Chairman, Council of the District of Columbia

**FROM:** Jeffrey S. DeWitt  
Chief Financial Officer 

**DATE:** October 4, 2016

**SUBJECT:** Fiscal Impact Statement - "Statute of Limitations Clarifying Amendment Act of 2016"

**REFERENCE:** Bill 21-763 - Committee Print given to the Office of Revenue Analysis on October 4, 2016

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**Conclusion**

Funds are sufficient in the fiscal year 2017 through fiscal year 2020 budget and financial plan to implement the bill.

**Background**

In most cases, the District has three years to collect underreported income taxes after a return is filed. If a taxpayer omits more than 25 percent of gross income from his or her tax return, then the statute of limitations increases to six years.

If a taxpayer understates his or her gross income by overstating the unrecovered cost of an asset, the tax return is currently subject to the three-year statute of limitations. The bill makes this type of underreporting subject to the six-year statute of limitations.

**Financial Plan Impact**

Funds are sufficient in the fiscal year 2017 through fiscal year 2020 budget and financial plan to implement the bill. The District may receive additional revenue if additional underreporting is identified.